

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 COME-00 SAB-01 OMB-01 TRSE-00 /061 W

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R 191444Z JUN 75

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 4234

INFO PANCANAL

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E.O. 11652: N/A

TAGS: ETEL PN

SUBJECT: TELECOMMUNICATIONS: TROPICAL RADIO TELECOMMUNICATIONS (TRT)

TO PAY PANAMANIAN INCOME TAX ON CANAL ZONE OPERATIONS

REF: PANAMA 3258

1. MESSRS. JOSE C. BARRIOS AND A.P. HEYD, TRT MANAGERS FOR PANAMA AND CANAL ZONE, RESPECTIVELY, CALLED AT EMBASSY EARLY JUNE 13 TO INFORM US THAT FINANCE AND TREASURY MINISTRY HAD REJECTED TRT APPEAL AGAINST LONG STANDING CLAIM FOR PAYMENT OF INCOME TAX TO PANAMA ON TRT OPERATIONS IN PANAMA. TRT'S PANAMANIAN LAWYER, EDUARDO MORGAN, RECOMMENDED THAT TRT AGREE TO GOP RULING AND HYED HAD RECEIVED INSTRUCTIONS FROM WASHINGTON OFFICE REP MORRISSEY TO ASCERTAIN CANAL ZONE'S REACTION TO SAID RULING.

2. BARRIOS WAS REQUESTED BY ECON/COMM COUNSELOR TO PROVIDE EMBASSY WITH

SUFFICIENT DOCUMENTATION TO PERMIT EVALUATION OF CASE. BARRIOS INDICA

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TED HE WOULD DO SO FOLLOWING CONTACT WITH WASHINGTON OFFICE. JUST BEFORE COB THAT DAY, HEYD TELEPHONED TO REPORT THAT TRT WOULD NOT BE SUPPLYING ADDITIONAL BACKGROUND INFORMATION BECAUSE HIS PRINCIPALS IN WASHINGTON HAD SINCE DECIDED THAT THE AMOUNT OF MONEY INVOLVED WAS NOT LARGE AND THAT IT WOULD PAY THE TAX CLAIMED BY GOP.

3. THE CANAL ZONE SHARES OUR WORRY ABOUT THIS CASE AS A POSSIBLE PRECEDENCE THE PANAMANIAN MAY USE AGAINST OTHER AMERICAN COMPANIES OPERATING IN THE ZONE AND PANAMA AS WELL. THE ZONE HAS VOICED ITS CONCERN WITH HEYD ACCORDINGLY. HOWEVER, EMBASSY UNDERSTANDS THAT IN THE PAST THERE HAVE BEEN COMPANIES-PARTICULARLY IN THE OIL FIELD-WHICH PAID TAXES TO THE GOP FOR OPERATIONS IN THE ZONE AREA, BECAUSE RP TAXES WERE VIEWED AS OF LESS CONSEQUENCE THAN ENDANGERING OF MORE IMPORTANT INTERESTS VESTED IN PANAMA. IN OTHER WORDS THEY PREFERRED OPERATING FROM THE PRACTICAL POINT OF VIEW RATHER THAN FROM THE LEGAL ONE. WE BELIEVE TRT GESTURE MAY HAVE SOME LINK TO ITS EFFORTS FOR A PARTNERSHIP ARRANGEMENT WITH INTEL.

4. UNLESS THE DEPARTMENT PERCEIVES OTHERWISE, WE REQUEST THAT IT CONVEY OUR CONCERN TO TRT IN WASHINGTON. WE FEEL TRT SHOULD NOT PAY THE TAXES.

JORDEN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TELECOMMUNICATION, POLICIES, NEGOTIATIONS, INCOME TAXES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 19 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Original Classification:** LIMITED OFFICIAL USE  
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**Reference:** 75 PANAMA 3258  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 12 SEP 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <12 SEP 2003 by SmithRJ>; APPROVED <09 OCT 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** TELECOMMUNICATIONS: TROPICAL RADIO TELECOMMUNICATIONS (TRT) TO PAY PANAMANIAN INCOME TAX ON CANAL ZONE OPERATIONS  
**TAGS:** ETEL, PN, PQ, US, TRT  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006